

09/654,627

PATENT

-2-

This listing of claims will replace all prior versions, and listings, of claims in the application:

**Listing of Claims:**

This listing of claims will replace all prior versions, and listings, of claims in the application:

**Listing of Claims:**

Claims 1-19. (canceled)

20. (currently amended) In a computer system a method for characterizing an investment portfolio, comprising the steps of:

identifying a group of possible investments to be held in the investment portfolio, and wherein the group of possible investments includes a plurality of mutual funds, and one or more of the plurality of mutual funds having a corresponding investment minimum;

inputting data for taxable investments;

inputting data for non-taxable investments;

inputting investor profile information;

providing a processor programmed to perform an optimization iterative routine that provides an optimization which includes utilizes the data for the taxable investments, the data for the non-taxable investments and the investor profile information and which takes into account accounts for capital gains or losses on taxable investments which would be sold;

wherein the iterative routine provides an investment recommendation which includes a recommended weighting for each investment held in the investment portfolio;

wherein the processor is further programmed to output outputting the [[an]] investment recommendation;

wherein the iterative routine performed by the processor includes an optimization comprises performing an iterative non-linear optimization routine, and the iterative

Atty Docket No.: SCHB-2700

PAGE 5/12 \* RCVD AT 1/18/2005 4:24:19 PM [Eastern Standard Time] \* SVR:USPTO-EFXRF-1/3 \* DNI:8729306 \* CSID: \* DURATION (mm:ss):03:26

09/654,627

PATENT

-3-

routine includes a first step, a second step, and a third step, and the three steps are executed automatically, without any user interaction;

wherein and the optimization routine comprises a the first subroutine step provides for running the optimization routine using different sets of predetermined initial weights for each of the possible investments, in an attempt of attempting to identify an optimal solution which provides an optimum weight for each investment of the group of the possible investments to be held in the portfolio resolve a flat function problem by running the routine with different sets of initial values, and the optimization routine further includes a second subroutine;

wherein when the flat function does not optimize the first step does not provide an optimal solution with any of the predefined different sets of initial values weights used in an initial step, the second step is performed subroutine is utilized, wherein the second subroutine step includes: taking using a best solution for a best case from the first step as a starting point and then re-running the optimization routine, using only those investments with non-zero weights from best solution of the first step, to identify the optimal solution providing an optimum weight for each investment of the group of possible investments to be held in the portfolio; and re-running the optimization routine including only those investments with nonzero weights; and

wherein when an after the optimal solution is found using the first subroutine step or the second step, performing a third subroutine step of re-running the optimization routine to account for a minimum investment values value which corresponds to a mutual fund to be held in the portfolio; and

wherein when an optimal solution is found using the second subroutine, performing the third subroutine of re running the optimization routine to account for minimum investment values.

Claims 21-26. (canceled)

27. (currently amended) The method of claim 20, wherein the during the first step of the iterative routine the processor is programmed to use further comprising providing the first

Atty Docket No.: SCHB-2700

09/654,627

PATENT

-4

subroutine with three sets of predetermined initial weights values for each of the possible investments which are run by the first subroutine.

Claims 28-30. (canceled)

Atty Docket No.: SCHB-2700

PAGE 7/12 \* RCVD AT 1/18/2005 4:24:19 PM [Eastern Standard Time] \* SVR:USPTO-EFXRF-1/3 \* DNIS:8729306 \* CSID: \* DURATION (mm:ss):03-26